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LOWEN CAMERON HOSPITAL SERVICE DISTRICT
 FINANCIAL REPORT
 OCTOBER 31, 1988

For provisions of state law, this report is a public document. A copy of the report has been submitted to the county and of her appropriate public officials. The report is available for public inspection at the Public House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/19/92

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To the Board of Commissioners
Lower Caennas Hospital Service District

In accordance with Government Auditing Standards, we have also issued our report dated April 13, 2000, on our examination of the Lower Caennas Hospital Service District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Broussard, Poche, Lewis & Bray, L.L.P.

Creskey, Louisiana
April 13, 2000

LOWER CAMERON HOSPITAL SERVICE DISTRICT

BALANCE SHEET
October 31, 2001

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	180,379
Patient accounts receivable, net of allowances estimated for uncollectible accounts of \$911,783		41,969
Grant receivable		183,680
Other receivables, (pay)		(69,187)
Total current assets	\$	634,841

RESTRICTED ASSETS

Cash and cash equivalents		11,404
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FIXED ASSETS

Property, plant and equipment, at cost, less accumulated depreciation of \$1,894,389		1,339,471
Total assets	\$	1,839,826

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES

Accounts payable	\$	894,815
Third-party payor settlements		10,896,817
Total liabilities	\$	10,999,832

FUND BALANCE

Fundamental (Unassigned deficit)	\$	(2,834, 850)
Total fund balance (deficit)	\$	(2,834,850)
Total liabilities and fund balance	\$	1,839,836

(See Notes to Financial Statements.)

LOWER CAMERON HOSPITAL SERVICE DISTRICT

STATEMENT OF REVENUES AND EXPENSES
Year Ended October 31, 2001

Operating revenues:		
Aid valuations taxes	\$	140,000
Social income		100,000
Other operating revenues		90,000
		<hr/>
Total operating revenues	\$	460,000
		<hr/>
Operating expenses:		
Collection fees	\$	4,280
Depreciation and amortization		149,900
Emergency room maintenance		100,416
Legal and accounting		43,540
Fees/dues		6,000
Other operating expenses		170
		<hr/>
Total operating expenses	\$	391,146
		<hr/>
Operating income	\$	78,854
		<hr/>
Non-operating revenues (expenses):		
Interest income	\$	1,000
Transfer of fixed assets to Lower Cameron Ambulance District		(27,000)
		<hr/>
Total non-operating revenues (expenses)	\$	(26,000)
		<hr/>
Net income	\$	52,854
		<hr/>

See Notes to Financial Statements.

LOWER CAMERON HOSPITAL SERVICE DISTRICT
STATEMENT OF CHANGES IN FUND BALANCE
Year Ended October 31, 2001

	Unrestricted	Restricted
	<u> </u>	<u> </u>
Fund balance (deficit), as previously stated	\$ (9,119,886)	\$ 12,034
Prior period adjustments	29,177	-
	<u> </u>	<u> </u>
Fund balance (deficit), beginning as restated	\$ (9,090,709)	\$ 12,034
Excess of investment over expenses	21,779	-
	<u> </u>	<u> </u>
Fund balance (deficit), ending	<u>\$ (8,068,930)</u>	<u>\$ 12,034</u>

See Notes to Financial Statements.

LOWER CAMERON HOSPITAL SERVICE DISTRICT

STATEMENT OF CASH FLOWS
Year Ended October 31, 2001

CASH FLOWS FROM OPERATING ACTIVITIES:

Operating income	\$ 79,407
As valuations items considered financing activity	(180,000)
Adjustments to reconcile operating income to net cash used in operating activities:	
Depreciation and amortization	148,000
Gain on disposal of equipment	(2,150)
(Increase) decrease in assets:	
Patient accounts receivable	388,316
Rent receivable	(100,000)
Prepaid expenses	3,000
Other receivables	(40,000)
Increase (Decrease) in liabilities:	
Accounts payable	(84,100)
Third party-payer settlements	10,000
	<hr/>
Net cash used in operating activities	\$ (100,780)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

As valuations items	180,000
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Proceeds from the disposal of equipment	2,150
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CASH FLOWS FROM INVESTING ACTIVITIES:

Interest income	1,000
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Net increase in cash and cash equivalents	\$ 8,270
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Cash and cash equivalents, beginning	183,700
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Cash and cash equivalents, ending	<u><u>\$ 191,970</u></u>
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RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET:

Cash and cash equivalents in current assets	\$ 180,200
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Cash and cash equivalents in restricted assets	11,604
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Total cash and cash equivalents	<u><u>\$ 191,804</u></u>
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SUPPLEMENTAL SCHEDULE OF NONCASH ACTIVITIES:

Transfer of fixed assets to the Lower Cameron Ambulance Service District	<u>\$ 37,000</u>
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Removal of depreciable assets and related liability due to the assignment of the telemedicine grant	<u><u>\$ (65,800)</u></u>
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See Notes to Financial Statements.

LOWER CAMERON HOSPITAL SERVICE DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Description of Organization and Summary of Significant Accounting Policies

The following is a summary of the Service District's significant accounting policies:

Organization

The Lower Cameron Hospital Service District ("Service District"), was established by the Cameron Parish Police Jury on July 15, 1959, by virtue of the authority of L.S.A.-R.S. 45:3051 et seq. The purpose of the Service District is to provide health services to lower Cameron Parish. Construction of the hospital building was financed through a bond issue, IRS Income Funding, and local contributions. The Service District's Board of Commissioners is appointed by the Cameron Parish Police Jury.

For reporting purposes, the Service District is a component unit of the Cameron Parish Police Jury. The accompanying general purpose financial statements present information only on the Lower Cameron Hospital Service District and do not present information on the Cameron Parish Police Jury and the general government services provided by that body.

Operation and Management

On February 18, 2000, the Service District entered into a management agreement with an independent management company, which assumed management of all hospital operations and the operational handling in the Service District to maintain operational cash flow from February 18, 2000, until the Service District could obtain bankruptcy court, governmental, and voter approval of the lease agreement and assignment agreement for the Service District's Hospital facilities. In accordance with this agreement, the independent management company assumed past bankruptcy liabilities, other than those stated in the lease agreement as the responsibility of the Service District.

On September 28, 2000, the Service District entered into a 10 year lease agreement with the above mentioned independent management company to assume all hospital operations of the Service District. The lease agreement provides for the following:

The Service District rents the hospital building and equipment to the independent management company. The independent management company in turn pays monthly rental payments to the Service District of \$15,000 per month for the first three years of the agreement and then \$20,000 per month starting in September 2003.

The lease is intended to be a triple net lease, with the understanding that the independent management company is fully responsible for all rent, all applicable insurance premiums, and all repairs and maintenance of the premises.

The Service District shall be solely responsible for payments of all debts, judgments, and other liabilities prior to November 18, 1998, including all cost report submissions for all cost reporting periods ending prior to the lease commencement date, including any settlements or negotiating cost reports. The independent management company assumes all debts, judgments, and other liabilities of the Service District occurring on and after November 18, 1998, except for any obligations pertaining to bankruptcy, financial statement audits, and cost report preparation.

The Service District must also pay during the months of December and January of each year \$175,000 from all valuations tax collections, to the independent management company to defray the costs associated with the maintenance of the emergency room and maintenance costs associated with emergency room inventory. The Service District may also, at its sole discretion, pay the independent management company an additional \$40,000 from all valuations tax collections per year to help defray the cost of maintenance projects and interventions.

NOTES TO FINANCIAL STATEMENTS

Property, plant, and equipment:

Property, plant, and equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of each class of depreciable assets. The following useful lives are generally used:

Building	20 - 30 years
Equipment	3 - 10 years
Land improvements	10 years

Method of accounting:

This Service District utilizes the proprietary (and method of accounting whereby revenue and expenses are recognized on the accrual method. The Service District's accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:514 and to the guide set forth in the *Comptroller Audit Guide and Audit and Accounting Guide - Public Law Organizations*, published by the American Institute of Certified Public Accountants, and standards established by the Governmental Accounting Standards Board (GASB), which is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Allowance for uncollectible accounts:

The Service District uses the allowance method of recognizing the cost for bad debts. This method provides an estimate of the loss that is applicable to current year revenue, and any adjustment in previous estimates of prior year losses that may be applicable to revenues still remaining on the books.

Cash and cash equivalents:

For purposes of reporting cash flows, the Service District considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Environmental Matters:

The Service District is subject to laws and regulations relating to the protection of the environment. The Service District's policy is to accrue environmental and cleanup related costs of a non-capital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify with any degree of certainty, the potential financial impact of the Service District's continuing compliance efforts, management believes any future remediation or other compliance related costs will not have a material adverse effect on the financial condition or reported results of operations of the Service District. As October 31, 2008, management is not aware of any liability resulting from environmental matters.

NOTES TO FINANCIAL STATEMENTS

Note 2. Cash and Cash Equivalents

For reporting purposes, cash and cash equivalents include demand deposits. Under State law the Service District may invest in United States bonds, treasury notes or certificates, or time certificates of deposits of state banks having their office in the State of Louisiana, or any other federally insured investment. The Service District may also invest in shares of any household and building and loan association in any amount not exceeding the federally insured amount.

At October 31, 2004, the carrying value of the Service District's cash deposits totaled \$117,289 and the bank balance totaled \$113,810. Of the bank balance, \$100,000 was covered by Federal Deposit Insurance Corporation (FDIC) coverage and \$13,810 was covered by collateral held by the associated bank in the bank's name (Category III).

Note 3. Other Receivables

A summary of other receivables at October 31, 2004, is as follows:

Due from independent management company	\$ 291,883
Disproportionate share receivable	77,883
Due from Federal agency	41,819
Allowance for receivable from Federal agency	<u>(81,819)</u>
Total other receivables	\$ 328,866

Note 4. Restricted Assets

\$11,404 of cash and cash equivalents reported as restricted assets are set aside for subordinated evaluation activities associated with the Telemedicine Research Center under the R994 grant.

Note 5. Property, Plant, and Equipment

A summary of property, plant, and equipment at October 31, 2004, is as follows:

Building	\$2,175,894
Equipment	2,139,452
Land (plant)	34,314
Land improvements	<u>2,808</u>
Gross property, plant, and equipment	\$4,352,468
Less: accumulated depreciation	<u>(3,029,289)</u>
Net property, plant, and equipment	\$1,323,179

Depreciation expense for the year ended October 31, 2004, totaled \$148,572.

Note 6. Accounts Payable

Of the total accounts payable of \$664,815 at October 31, 2004, \$158,480 is the responsibility of the independent management company in accordance with the management agreement.

Note 7. Ad Valorem Taxes

Property taxes attach as an enforceable lien on property as of March 1. The Parish levies taxes in late October of each year. Bills are sent out in November and are due by December 31. The taxes are generally collected in December of the current year and through May of the ensuing year. Property tax revenues are recognized when levied to the extent that they result in current receivables.

NOTES TO FINANCIAL STATEMENTS

Item 8. Rental Income

The Service District received \$188,800 of rental income from the independent management company for monthly rental of the Service District's building and equipment for the year ended October 31, 2004. Of the \$188,800 net income, \$465,000 was receivable from the independent management company at October 31, 2003.

Item 9. Emergency Room Maintenance

For the year ended October 31, 2004, the Service District paid the independent management company \$185,416 from its ad valorem tax collections for the maintenance of the emergency room according to the management agreement.

Item 10. Concentrations of Credit Risk

The Service District grants credit without collateral to its patients, most of who are local residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payors at October 31, 2003, was as follows:

Medicare	44.2%
Medicaid	14.8%
Other third-party payors/patients	40.8%
Total	100.0%

Item 11. Telemedicine Grant

On February 19, 1998, the Service District entered into an agreement with the United States of America, acting through the administrator of the Rural Utilities Service ("RUS") for a telemedicine grant. The grant was to be used to provide telemedicine services in several parishes in Louisiana, with the Lower Calcasieu Hospital Service District being the applicant for the consortium of members of the project. The grant was to expire in February 2001. The total amount of the grant award was \$295,300. The Service District and consortium of members must provide a matching contribution of \$229,200. Under the agreement, no portion of the grant shall be delivered until matching contributions are shown to be satisfactory to RUS.

On October 26, 2004, there was an assignment of the RUS Telemedicine Grant from the Service District to the Southwestern Louisiana Area Health Education Center Foundation. Under the assignment, the Service District assigns all of its right, title, and interest as well as all duties and obligations in the Southwestern Louisiana Area Health Education Center Foundation. At the time of the assignment, the Service District was under obligation to pay an amount totaling \$268,872 for telemedicine equipment used during the term of the grant. According to the assignment mentioned above, the Southwestern Louisiana Area Health Education Center Foundation will attempt to collect the Telemedicine Grant proceeds to settle the obligation for the telemedicine equipment. As of the report date, the grant proceeds had not been received by the Southwestern Louisiana Area Health Education Center Foundation. Due to the assignment of this grant, the telemedicine equipment and the associated liability have been removed from the Service District's October 31, 2003, financial statements.

NOTES TO FINANCIAL STATEMENTS

Note 12. Third-party Paper Settlements

The Service District has intermediary receivable/payable balances on cost reports from when the Service District operated a hospital. Medicare and Medicaid would reimburse the hospital for cost reimbursable items at an interim tentative rate with final settlement determined after publication of the annual cost reports by the hospital and audit thereof by the Medicare and Medicaid fiscal intermediary. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may change by a material amount in the near term. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to audit.

The following is a schedule of third-party paper settlement payable/(receivable) as of October 31, 2008:

Cost Report Year	Medicare	Medicaid	Total
1995	\$ -	\$ 2,602,793	\$ 2,602,793
1997	2,242,848	1,148	2,244,000
1998	4,458,443	83,892	4,542,335
1999	373,312	(3,188)	370,124
2000	313,659	-	313,659
Total	\$ 7,388,262	\$ 2,783,445	\$ 10,171,707

The October 31, 1999, annual Medicare and Medicaid cost report has not been completed in order to determine the settlement for fiscal year 2000 to the intermediary. Management has estimated that the settlement on the October 31, 1999, cost report will approximate an overpayment of \$313,659, which is included as a liability on the financial statements at October 31, 2001. The settlement for fiscal year 2000 will be determinable when the annual Medicare and Medicaid cost reports are completed.

The Service District's Medicare and Medicaid cost reports have been audited by the Medicaid fiscal intermediary through October 31, 1998.

Note 13. Bankruptcy Plan

On November 28, 1998, the Lower Cameron Hospital Service District filed for bankruptcy under Chapter 9 of the Bankruptcy code. On September 28, 2000, the Chapter 9 Bankruptcy plan was accepted by the creditors and was approved by Bankruptcy Court, the Governor, Attorney General, and State Bond Commission, as required by Louisiana Law. The provision of this confirmed plan bind the Service District and its creditors in accordance with Section 944 of the Code. The plan also binds all creditors of the Service District in case any existing effort or arrangement used to obtain from exercising any rights they may have to effect an exempt bond of the Service District or of any branch of the Service District arising out of amounts owed its creditors based upon periods of time prior to September 28, 2000.

According to the bankruptcy plan, creditors with claims under \$500 and those who voluntarily release their claims to \$500 are to be paid first. The remaining claims are split into two groups, governmental claims and all unsecured creditors. Not each class of the Service District are to be split in two and divided pro-rata among each of the two groups. Not each class are defined in the bankruptcy plan as all debts remaining after payment of all usual, necessary and ordinary expenses of operations of the Service District from the monthly rent payable by the independent management company and from amounts receivable owed to the Service District, but shall not include funds from tax receipts reserved for emergency crisis operations.

Included in total current liabilities at October 31, 2000, is \$35,871,780, which falls under the bankruptcy plan. In accordance with the bankruptcy plan, \$3,818 was paid to creditors as of October 30, 2001.

NOTES TO FINANCIAL STATEMENTS

Note 14. Prior Period Adjustment

In the financial statements for the year ending October 31, 2001, several prior period adjustments were made to the Hospital District's fund equity balance. These adjustments are detailed below:

Beginning fund balance (deficit), as previously stated	(\$9,175,488)
To adjust bankruptcy payables	(6,453)
To adjust amounts due to Medicare	43,176
To adjust revenues and expenses not properly accounted in prior year	<u>(28,486)</u>
Beginning fund balance (deficit), as restated	(\$9,209,769)

Note 15. Going Concern

The Service District has incurred substantial losses from operations and third-party paper settlements, which have resulted in its liabilities being substantially in excess of its assets, creating a deficit fund balance. On November 18, 1999, the Service District filed for voluntary relief under Chapter 9 bankruptcy proceedings in the United States District Court for the Western District of Louisiana. The bankruptcy plan was confirmed on September 18, 2000 (see Note 10). The Service District's Board believes that the confirmation of the bankruptcy plan and the handing of hospital operations to the independent management company will be sufficient to sustain operations. The general purpose financial statements do not include any adjustments that might result from the outcome of this uncertainty.



THOMSSON, POTHE, LEWIS & BEAUX, L.L.P.

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INDEPENDENT AIRCRAFT REPORT ON THE ALLEGED PILOTS' INTERVIEW

[illegible]

1. **Introduction** (10%)
 2. **Background** (20%)
 3. **Methodology** (30%)
 4. **Results** (30%)
 5. **Conclusion** (10%)

[illegible]

Abstract

To the Board of Commissioners
Lower Merion Hospital Service District
Crescent, Louisiana

The audit was performed for the purpose of forming an opinion on the general purpose financial statements of the Lower Cameron Hospital Service District taken as a whole. This supplementary information based on the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Lower Cameron Hospital Service District. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Broussard, Piche, Lewis : Broussard L.L.P.

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Robert L. Goodman, *PhD 1960*
 Ross B. Hulse, *PhD 1964*
 James H. Jones, *PhD 1961*
 Joseph. Walter, *PhD 1962*
 George L. Lewis, *PhD 1960*
 Kenneth I. Winkler, *ChM 1960*
 Bailey L. Kemp, *PhD 1961*
 Ray W. Mountain, *PhD 1966*
 Lawrence J. Davis, *PhD 1969*
 Richard L. Carlson, *PhD 1969*

Director of National Institute of Mental Health
 Director of American Psychiatric Association

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LOWER CAMDEN HOSPITAL SERVICE DISTRICT

SCHEDULE OF OTHER OPERATING REVENUES

Year ended October 31, 2001

Recovery of bad debts	\$	12,148
Disproportionate share payment		73,345
Gain on sale of equipment		2,350
Miscellaneous		6,759
		<hr/>
Total other operating revenues	\$	<hr/> 96,602 <hr/>

LOWER CAMDEN HOSPITAL SERVICE DISTRICT

SCHEDULE OF BOARD FEES

Year Ended October 31, 2001

Board Members

The Service District's board members did not receive any compensation during the year ending October 31, 2001.

To the Board of Commissioners
Lower Cañon Hospital Service District

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all material weaknesses in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

This report is issued solely for the information and use of management, others within the Service District, federal award agencies, pass-through entities, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:503, this report is distributed by the Legislative Auditor as a public document.

Brennard, Poche, Lewis & Broussard, L.L.P.

Covington, Louisiana
April 11, 2020

LOWER CAMERON HOSPITAL SERVICE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended October 31, 2003

We have audited the financial statements of the Lower Cameron Hospital Service District as of and for the year ended October 31, 2003, and have issued our report thereon dated April 11, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of October 31, 2003, resulted in an unqualified opinion.

Section I. Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☐ Yes ☒ No Reportable Conditions ☒ Yes ☐ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

Section II. Financial Statement Findings

#2004-1-- Publication of Minutes

Finding: The minutes of the meetings of the Board of Commissioners were not published in the official journal of the Service District as required by Louisiana Revised Statute (LSA-R.S.) 43:171.

Cause: Management of the Service District does not have established policies and procedures to ensure that the minutes of the Board of Commissioners are published in the official journal of the Service District as required by LSA-R.S. 43:171.

Recommendation: The minutes of the Board of Commissioners meetings should be published in the official journal of the Service District as required by LSA-R.S. 43:171.

Response: Management has implemented a policy of publishing the minutes of the meetings of the Board of Commissioners in the official journal of the Service District as required by LSA-R.S. 43:171, effective January 2003.

#2004-2-- Segregation of Duties

Finding: The Service District does not have adequate segregation of duties. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the Service District may not be large enough to permit such procedures, it is important that the Service District be aware of this condition.

Cause: Inadequate segregation of duties exists due to a limited number of personnel performing the administrative functions. Due to a lack of resources, the Service District is unable to implement a segregated system of internal control.

Recommendation: The Service District is aware of and has evaluated this problem and concluded that it would not be cost beneficial as possible with the limited resources available to create a segregated accounting environment. Keeping in mind the limited number of personnel to which duties can be assigned, the Service District should continue to monitor assignment of duties to ensure as much segregation of duties and responsibility as possible.

Response: Due to limited resources, complete segregation of duties is not possible. However, the Service District will continue to monitor this situation.

LOWER CAMERON HOSPITAL SERVICE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended October 31, 2008

Section II. Financial Statement Findings (continued)

§2891.3 – State Audit Law

Finding: The Service District did not file their annual financial report with the Legislative Auditor's office within six months of year-end as required by State law.

Cause: Accounting records were not made available in a timely manner to allow the report to be filed within the six-month deadline as prescribed by State law.

Recommendation: We recommend that every effort be made to ensure that accounting records and related information needed for completion of the audit be made available in a timely manner to allow the report to be filed within six months of year-end as prescribed by State law.

Response: Management of the Service District will make every possible attempt to provide the accounting records and related information needed for completion of the audit in a timely manner to allow the annual financial report to be filed with the Legislative Auditor's office within six months of year-end as required by State law. In the current year, delays were encountered with the bankruptcy and in the confirmation of amounts payable from the Multicare Rural Intercommunity. These delays should not be recurrent in the future.

Section III. Federal Award Findings and Questioned Costs

There were no matters reported relating to questionable conditions, material weaknesses, or instances of noncompliance, including questioned costs, related to federal awards for the year ended October 31, 2008.

LEWIS CAMERON HOSPITAL SERVICE DISTRICT

SCHEDULE OF PRIOR YEAR FINDINGS Year ended October 31, 2008

Section I. Internal Control and Compliance Material to the Financial Statements

IC000.1 - Accounts Receivable and Debt Write-Offs

Finding: During the course of our audit, we noted that management was not approving bad debt write-offs of accounts receivable.

Recommendation: We recommended that bad debt write-offs of accounts receivable balances be approved by management to ensure adequate internal controls over accounts receivable.

Current status: **RESOLVED** - Procedures were implemented in order for any bad debt write-off to be approved by management.

IC000.2 - Healthcare Compliance Program

Finding: A compliance program as recommended by the Office of Inspector General (OIG), which includes the seven minimum elements that are included in the OIG model compliance program was not completely in place.

Recommendation: Development of an effective compliance program as recommended by the OIG, which includes the seven minimum elements that are included in the Office of the Inspector General model compliance program.

Current status: **RESOLVED** - Effective September 18, 2008, the Service District leased the Hospital to an outside management company. The Service District is no longer responsible for the hospital operations and therefore, not responsible for a healthcare compliance program.

IC000.3 - Report Filing

Finding: The financial report for the year ended October 31, 2008, was not filed with the Legislative Auditor's office within the six months after the close of the fiscal year as required by law.

Recommendation: Management must ensure that the information needed for the timely filing of the audit be available.

Current status: **UNRESOLVED** - This finding is repeated for the year ended October 31, 2009, and is described at IC000.3 in the schedule of findings and questioned costs.

Section II. Internal Control and Compliance Material to Federal Awards

There were no matters reported relating to reportable conditions, material weaknesses, or instances of noncompliance, including questioned costs, related to federal awards for the year ended October 31, 2008.

Section III. Management Letter

There were no matters reported in a separate management letter for the year ended October 31, 2008.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Year ended October 31, 2003

Section I. Internal Control and Compliance Material to the Financial Statements

EOB1.1 - Publication of Minutes

Response: Management has implemented a policy of publishing the minutes of the meetings of the Board of Commissioners in the official journal of the Service District as required by LSA-R.S. 40:173, effective January 2003.

EOB1.2 - Separation of Duties

Response: Due to the limited resources, complete segregation of duties is not possible. However, the Service District will continue to monitor this situation.

EOB1.3 - State Audit Law

Response: Management of the Service District will make every possible attempt to provide the accounting records and related information needed for the completion of the audit in a timely manner to allow the annual financial report to be filed with the Legislative Auditor's office within six months of year-end as required by State law. In the current year, delays were encountered with the bookkeeping and in the confirmation of amounts payable to the Medicare fiscal intermediary. These delays should not be encountered in the future.

Section II. Internal Control and Compliance Material to Federal Awards

There were no matters reported relating to reportable conditions, material weaknesses, or instances of noncompliance, including questioned costs, related to federal awards for the year ended October 31, 2003.

Section III. Management Letter

There were no matters reported in a separate management letter for the year ended October 31, 2003.

Responsible party: Greg Forester, Chairman of the Board